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No. 195

In the Supreme Court of the United States

OCTOBER TERM, 1943

NORTHWESTERN ELECTRIC COMPANY AND AMERICAN POWER & LIGHT COMPANY, PETITIONERS

v.

FEDERAL POWER COMMISSION

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE FEDERAL POWER COMMISSION IN OPPOSITION

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OPINIONS BELOW

The first opinion and order of the Federal Power Commission (1 R. 36–78) are reported in 36 P. U. R. (N. S.) 202. The supplemental opinion and order of the Commission (5 R. 1164–1173) are reported in 43 P. U. R. (N. S.) 148. The opinion of the circuit court of appeals on review of the first order (4 R. 806–819) is reported in 125 F. (2d) 882. The opinion of the

court on review of the supplemental order (6 R. 1230–1241) is reported in 134 F. (2d) 740.

JURISDICTION

The judgment of the circuit court of appeals on the first review was entered on February 13, 1942 (4 R. 819), rehearing was denied on March 13, 1942 (4 R. 820), and petitioner did not seek certiorari, although it obtained a stay of mandate for that purpose (4 R. 820–821).

The judgment of the court below in the instant review was entered on March 27, 1943 (6 R. 1242). Rehearing was denied on May 22, 1943 (6 R. 1243). The petition for a writ of certiorari was filed on July 23, 1943. Jurisdiction of this Court is invoked under Section 313 (b) of the Federal Power Act (49 Stat. 860, 16 U. S. C. 825*l*), and Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925.

QUESTION PRESENTED

Following extensive hearings, the Federal Power Commission, by an opinion and order, determined, pursuant to the Federal Power Act, that the electric plant accounts of Northwestern Electric Company contained a "write-up" and directed that such "write-up" be eliminated by annual charges to earned surplus. The Commission granted a rehearing with respect to the method of eliminating the "write-up." The other provisions of the Commission's order, as to which

it denied rehearing, were affirmed on the first review by the court below, and Northwestern did not seek certiorari. At the rehearing and in oral argument before the Commission *en banc,* petitioners refused to present any plan for elimination of the "write-up." The Commission, by supplemental opinion and order, thereupon directed that the "write-up" be eliminated in the manner prescribed in its first order. On review, the Commission's supplemental order was affirmed by the court below. The question is:

Whether the Commission may require Northwestern to eliminate the "write-up" from its accounts by charging earned surplus each year with an amount equal to the excess of its net income over its preferred stock dividend requirements.

STATUTE INVOLVED

The relevant provisions of the Federal Power Act are set forth in the Appendix, *infra,* pp. 15–20.

STATEMENT

Northwestern Electric Company is a "public utility" (1 R. 40) under the Federal Power Act, and as such it filed with the Federal Power Commission a reclassification of its electric plant accounts (3 R. Ex. 1) as required by the Commission's Uniform System of Accounts for Public Utilities and Licensees (3 R. Ex. 6, p. 38). The results of an examination of the reclassification by the staffs of the Commission and the Public Utilities Commissioner of Oregon were

embodied in a joint report (3 R. Ex. 3).[1] The staffs found that all of Northwestern's common stock, having a par value of $3,500,000, had been issued without consideration and that the balancing entry in Northwestern's electric plant accounts in the amount of $3,500,000 was therefore a "write-up" (3 R. Ex. 3, pp. 17, 25). The staffs recommended (3 R. Ex. 3, p. 29) that such "write-up" be transferred to Account 107, Electric Plant Adjustments, where it would become subject to disposition "as the Commission may approve or direct."[2] The report was served upon Northwestern with the request that it adjust its accounts in conformity therewith and "submit a plan for disposing of" the "write-up" (1 R. 141). Upon Northwestern's failure to comply with these requests (1 R. 143–151), a hearing was held on July 22–August 1, 1940. Extended testimony and numerous exhibits (1 R. 152–3 R.) were introduced, and thereafter detailed briefs were filed.

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[1] Northwestern filed an identical reclassification of its accounts with the Oregon Commissioner (1 R. 458). The latter, as well as the Department of Public Service of Washington, has prescribed substantially the same system of accounts as the Federal Power Commission (1 R. 478). The Washington Department, however, was unable to join in the examination due to other engagements of its staff, as set forth in its *amicus* brief urging support of the Commission's order in the court below.

[2] This account is provided for "write-ups of electric plant" which are thereafter to be "disposed of as the Commission may approve or direct" (3 R. Ex. 6, p. 19).

On December 6, 1940, the Commission, by its first opinion and order (1 R. 36–78), found that Northwestern did not receive any consideration in return for its common stock, which the company's promoters had issued to themselves, and that the balancing entry in Northwestern's electric plant accounts was therefore a "write-up" (1 R. 62).[3]

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[3] Northwestern Electric Company was organized in 1911, under the laws of Washington, by two San Francisco promoters, Herbert and Mortimer Fleishacker, who desired to acquire a water-power site to develop electricity for a paper mill in which they were interested (1 R. 13–16, 440, 2 R. 513). The promoters advanced $175,000 to the company for acquisition of the sites, which amount, with interest, was repaid by the company (2 R. 726–727). In 1911 and 1912, the promoters caused the company to issue to them a total of 100,000 shares of common stock, having a par value of $10,000,000 (2 R. 522–523). The stock was not recorded on Northwestern's books of accounts until 1914, when the balancing entry of $10,000,000 was made on the plant ledger to the asset account, Land and Water Rights, although Northwestern admittedly did not receive any land or water rights (2 R. 526, 535), or other tangible property in return for the stock (5 R. 1063). In a 1932 rate case involving Northwestern, the Oregon Commission found that the stock had been issued without any consideration (2 R. 779, 781). A subsequent suit by Northwestern's preferred stockholders to cancel the stock or compel its holders to pay Northwestern therefor was settled by a stipulation under which the par value of the stock was reduced from $10,000,000 to $3,500,000 (5 R. 1044–1047). This reduction of the par value of Northwestern's common stock was approved by the Washington Department, with an express provision against such approval being construed as a finding of the value of the stock or of the cost or value of Northwestern's assets (2 R. 586). The Oregon Commissioner's approval of the write-down was similarly conditioned (2 R. 580).

The Commission accordingly ordered Northwestern to transfer the amount of $3,500,000, as a "write-up," to Account 107, Electric Plant Adjustments (1 R. 72). The Commission, after consideration of all relevant factors, including "the interest of consumers, investors and the public" (1 R. 69), ordered Northwestern to eliminate the "write-up" by charging its earned surplus account each year with an amount equal to the excess of its net income over its preferred stock dividend requirements.* Northwestern's application for rehearing (1 R. 79–111) was granted for the purpose "only of permitting the presentation of a plan of disposition of the amount of the $3,500,000 write-up" (1 R. 113). All the other provisions of the Commission's order, as to which rehearing had been denied, were reviewed and affirmed by the court below, but the court did not pass upon the method of disposing of the "write-up" which was then still before the Commission on rehearing (4 R. 806–819). Northwestern did not seek cer-

* Paragraph 2 (a) of the Commission's order provided that (1 R. 78): "(2) Northwestern Electric Company make the following disposition of the amounts recorded in Account 107, Electric Plant Adjustments: (a) For each year, commencing with the calendar year 1940, it shall credit Account 107, Electric Plant Adjustments and charge Account 414, Miscellaneous Debits to Surplus with a sum equal to its Net Income (Account 400, Credit Balance Transferred From Income Account) less its Preferred Stock Dividend requirements [1 R. 69; 6 R. 1241] for each such calendar year until the amount of $3,500,000 shall have been entirely extinguished."

tiorari and, as required by the Commission's order and the judgment of the court, it classified the "write-up" in Account 107, Electric Plant Adjustments (4 R. 806, 808, 819; 5 R. 1190, 1195).

In the meantime, at the rehearing and in oral argument before the Commission *en banc*, Northwestern and American Power & Light Company[3] failed and refused to submit any plan for elimination of the "write-up," their counsel stating that their "only plan of disposition, if you want to call it that, was one of indisposition to do anything about it" (5 R. 1080). The Commission, by supplemental opinion and order, thereupon directed that the "write-up" be charged off to earned surplus as it had prescribed in its first order (5 R. 1164–1173).[4]

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[3] American Power & Light Company, which presently owns Northwestern's common stock, was granted leave to intervene in the rehearing. It did not seek to intervene in the first hearing (cf. Pet. 32).

[4] The Commission's supplemental order of April 14, 1942, provided that (5 R. 1173): "(A) Northwestern Electric Company make the following disposition of the amounts recorded in Account 107, Electric Plant Adjustments, as directed in this Commission's order of December 6, 1940: For each year, commencing with the calendar year 1940, it shall credit Account 107, Electric Plant Adjustments, and charge Account 414, Miscellaneous Debits to Surplus, with a sum equal to its Net Income (Account 400, Credit Balance Transferred from Income Account) less its Preferred Stock Dividend requirements [1 R. 69; 6 R. 1241] for each such calendar year until the amount of $3,500,000 shall have been entirely extinguished."

The Commission found that although it could have ordered "the $3,500,000 item to be charged at once to the earned sur-

On review, the lower court affirmed the Commission's supplemental order on March 27, 1943 (6 R. 1242). A petition for rehearing was denied on May 22, 1943 (6 R. 1243).

ARGUMENT

1. Petitioners attempt to argue all the questions which would be open if the Commission's original order were before this Court.[1] No review of the lower court's first judgment having been sought, its decree was a "final" affirmance, under Section 313 (b) of the Federal Power Act, of all the provisions of the Commission's first order except Paragraph 2 (a), which prescribed the method of eliminating the "write-up" and in respect of which the Commission had granted rehearing.[2]

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plus of the company," elimination of the write-up by a "series of charges, to earned surplus over a period of years in the future" would avoid creating a present deficit in earned surplus and would therefore be "reasonable and in the public interest" (5 R. 1168, 1169).

[1] Typical of these questions are petitioners' contentions (1) that the Uniform System of Accounts, prescribed by the Commission, invades the field of management (Pet. 6, 14); (2) that the judgment which a Washington state court entered in the stockholders' suit (see fn. 3, p. 5, *supra*), pursuant to stipulation (5 R. 1050–1052), was a judicial determination that the common stock was fully paid up (Pet. 4–5, 7, 14); (3) that Section 301 (a) of the Act, if construed as authorizing the Commission to require the elimination of "write-ups," is unconstitutional (Pet. 7); and (4) that the court below failed to pass upon certain of these questions on the first review (Pet. 7–8, 15).

[2] As the Commission made clear in granting rehearing (1 R. 113) and in its supplemental opinion and order (5 R.

The decree specifically affirmed the provision in the Commission's first order that the "write-up" be classified in Account 107, Electric Plant Adjustments (4 R. 819). Since all amounts transferred to that Account are subject to disposition "as the Commission may approve or direct," the decree necessarily determined the Commission's authority to dispose of the "write-up," as distinguished from the method of such disposition, on which the Commission had granted rehearing. *American Tel. & Tel. Co.* v. *United States*, 299 U. S. 232, 240.

All matters before the court on the first review, which were either decided or could have been decided, are *res judicata*, and contrary to petitioners' present contentions (Pet. 31–32), the court below properly limited the second review to the method of disposition. *Chicot County Dist.* v. *Bank*, 308 U. S. 371, 378; *American Surety Co.* v. *Baldwin*, 287 U. S. 156, 166–167; *Grubb* v. *Public Utilities Comm.*, 281 U. S. 470, 479; *Cromwell* v. *County of Sac*, 94 U. S. 351, 352. Section 313 (b) of the Act similarly limits the jurisdiction of this Court to a review of the Commission's supplemental order, which did no more than prescribe the method by which Northwestern should elimi-

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1165, 1169, 1173). Paragraph 2 (a) of the Commission's first order dealt only with the method of eliminating the "write-up" from Account 107, Electric Plant Adjustments.

nate the "write-up" from Account 107, Electric Plant Adjustment.[9]

2. As the circuit court of appeals correctly held on the instant review, the accounting disposition of the "write-up," prescribed by the Commission, was clearly supported by substantial evidence and was in all respects proper (6 R. 1237, 1240–1241). The two principal accounting officers of the Commission gave uncontroverted expert testimony in the first hearing that the "write-up" should be charged to earned surplus, either at once or over a reasonable period of years (1 R. 361–362, 488–489). When the staff report was served, Northwestern was requested to submit a plan for disposition of the "write-up" (1 R. 141–142), which it refused to do (1 R. 143–151). Nor did it present

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[9] Assuming *arguendo* that the question may now be raised, the Commission is clearly authorized to require that "write-ups" be eliminated. *Louisville Gas & Electric Co.* v. *Federal Power Commission*, 129 F. (2d) 126 (C. C. A. 6), certiorari denied February 8, 1943, No. 616, Oct. Term, 1942; *Alabama Power Co.* v. *Federal Power Commission*, 128 F. (2d) 280 (App. D. C.), certiorari denied, 317 U. S. 652; *Northern States Power Co.* v. *Federal Power Commission*, 118 F. (2d) 141 (C. C. A. 7). The Commission is authorized by Section 301 (a) of the Act to prescribe a system with which every public utility and every licensee is required to comply, and which carries with it the authority to require proper accounting adjustments. *American Tel. & Tel. Co.* v. *United States*, 299 U. S. 232, 240; *Norfolk & Western Ry. Co.* v. *United States*, 287 U. S. 134, 141; *Kansas City So. Ry. Co.* v. *United States*, 231 U. S. 423, 440; *Long Beach Gas Co.* v. *Malthie*, 36 N. Y. S. (2d) 194, 203–204, affirmed, 48 N. E. (2d) 167.

such a plan at the first hearing (1 R. 65–67). The Commission, by Paragraph 2 (a) of its first order, required the disposition through annual charges to earned surplus, and thereafter granted a rehearing for the purpose "only of permitting the presentation of a plan of disposition of the * * * write-up" (1 R. 113). At the rehearing, petitioners again refused to present any plan of disposition (5 R. 841), and in the oral argument before the Commission *en banc*, their counsel stated that their "only plan of disposition, if you want to call it that, was one of indisposition to do anything about it" (5 R. 1080). Having made "no suggestion of any possible alternative to that proposed by the Commission, although the opportunity to do so has been long open," petitioners cannot now "question the propriety of the order." *Alabama Power Co.* v. *Federal Power Commission*, 128 F. (2d) 280, 295–296 (App. D. C.), certiorari denied, 317 U. S. 652.[10]

Contrary to petitioners' contentions (Pet. 29), it is immaterial whether the corrective accounting prescribed by the Commission may result in the common stockholders' having "to forego their current dividends." *Kansas City So. Ry. Co.* v. *United States*, 231 U. S. 423, 453. The earnings of a corporation do "not become the property of the stockholders, unless and until it is distributed

[10] If Northwestern now desires to apply its existing surplus to extinguish a part of the "write-up" (Pet. 29–30), it can still request the Commission for permission to do so.

among them by the corporation." *Gibbons* v. *Mahon*, 136 U. S. 549, 558. The corrective accounting prescribed by the Commission does not alter the company's existing capitalization and is in no way analogous to a corporate reorganization (cf. Pet. 10, 31). American's purchase of Northwestern's common stock at a cost of $5,021,799.33 is similarly irrelevant in this proceeding (6 R. 1231).[11] Nor is the Commission's order affected by the limitations in Section 318 of the Act (Appendix, *infra*, pp. 19–20) which deals with conflicts of jurisdiction between the Federal Power and Securities and Exchange Commissions. The Commission's order does not conflict (cf. Pet. 10, 31) with the Securities and Exchange Commission's authority under Section 12 (c) of the Holding Company Act (Appendix, *infra*, p. 20) to prevent the improper payment of dividends, since the order neither requires nor prohibits the payment of dividends but merely prescribes "the accounts in which particular outlays and receipts shall be entered, charged, or credited" (Sec. 301 (a) of the Federal Power Act). Moreover, Section 20 (b) of the Holding Company Act (Appendix, *infra*, pp. 20–21), as well as the regulations of the Securities and Exchange Commission, precludes any

[11] American purchased a majority of the stock from the original promoters of Northwestern (5 R. 1064, and cf. 2 R. 563–564), and none of the purchase price went to Northwestern (5 R. 928).

possibility of conflict between its accounting requirements and those of the Federal Power Commission.[12]

The Commission's order therefore is not "so entirely at odds with fundamental principles of correct accounting" (*Kansas City Southern Ry. Co.* v. *United States*, 231 U. S. 423, 444), nor "so arbitrary and outrageous" (*Norfolk & Western Ry. Co.* v. *United States*, 287 U. S. 134, 143) as to be the "expression of a whim rather than an exercise of judgment" (*American Tel. & Tel. Co.* v. *United States*, 299 U. S. 232, 237).

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[12] 17 C. F. R. 250.26 (c) provides in part:

"No company subject to the Uniform System of Accounts shall keep any other or different accounts with respect to any subject matter covered by such Uniform System other than: * * *

"(2) Accounts or records required by applicable State or Federal laws; * * *."

17 C. F. R. 250.27 provides:

"Every registered holding company, and subsidiary thereof, which is a public utility company and which is not required by either the Federal Power Commission or a State commission to conform to a classification of accounts, shall keep its accounts, insofar as it is an electric utility company, in the manner currently prescribed for similar companies by the Federal Power Commission or, and insofar as it is a gas utility company, in the manner currently recommended by the National Association of Railroad and Utilities Commissioners, except any company whose public utility activities are so limited that the application to it of such system of accounts is clearly inappropriate. A company claiming that its activities are thus limited, shall apply to the Commission for written instructions to that effect."

CONCLUSION

The decision below is correct. There is no conflict, and the case presents no question calling for further review. It is therefore respectfully submitted that the petition for a writ of certiorari should be denied.

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AUGUST 1943.

APPENDIX

The Federal Power Act of 1935, 49 Stat. 847 (16 U. S. C. 824, 825) provides in part:

SEC. 208. (a) The Commission may investigate and ascertain the actual legitimate cost of the property of every public utility, the depreciation therein, and, when found necessary for rate-making purposes, other facts which bear on the determination of such cost or depreciation, and the fair value of such property.

(b) Every public utility upon request shall file with the Commission an inventory of all or any part of its property and a statement of the original cost thereof, and shall keep the Commission informed regarding the cost of all additions, betterments, extensions, and new construction.

* * * * *

SEC. 301. (a) Every licensee and public utility shall make, keep, and preserve for such periods, such accounts, records of cost-accounting procedures, correspondence, memoranda, papers, books, and other records as the Commission may by rules and regulations prescribe as necessary or appropriate for purposes of the administration of this Act, including accounts, records, and memoranda of the generation, transmission, distribution, delivery, or sales of electric energy, the furnishing of services or facilities in connection therewith, and receipts and expenditures with respect to any of the foregoing: *Provided, however,* That noth-

ing in this Act shall relieve any public utility from keeping any accounts, memoranda, or records which such public utility may be required to keep by or under authority of the laws of any State. The Commission may prescribe a system of accounts to be kept by licensees and public utilities and may classify such licensees and public utilities and prescribe a system of accounts for each class. The Commission, after notice and opportunity for hearing, may determine by order the accounts in which particular outlays and receipts shall be entered, charged, or credited. The burden of proof to justify every accounting entry questioned by the Commission shall be on the person making, authorizing, or requiring such entry, and the Commission may suspend a charge or credit pending submission of satisfactory proof in support thereof.

* * * * * *

SEC. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed. Unless a different date is specified therein, rules and regulations of the Commission shall be effective thirty days after publication in the manner which the Commission shall

prescribe. Orders of the Commission shall be effective on the date and in the manner which the Commission shall prescribe. For the purposes of its rules and regulations, the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters. All rules and regulations of the Commission shall be filed with its secretary and shall be kept open in convenient form for public inspection and examination during reasonable business hours.

* * * * * *

SEC. 313. (a) Any person, State, municipality, or State commission aggrieved by an order issued by the Commission in a proceeding under this Act to which such person, State, municipality, or State commission is a party may apply for a rehearing within thirty days after the issuance of such order. The application for rehearing shall set forth specifically the ground or grounds upon which such application is based. Upon such application the Commission shall have power to grant or deny rehearing or to abrogate or modify its order without further hearing. Unless the Commission acts upon the application for rehearing within thirty days after it is filed, such application may be deemed to have been denied. No proceeding to review any order of the Commission shall be brought by any person unless such person shall have made application to the Commission for a rehearing thereon.

(b) Any party to a proceeding under this Act aggrieved by an order issued by the Commission in such proceeding may obtain a review of such order in the Circuit

Court of Appeals of the United States for any circuit wherein the licensee or public utility to which the order relates is located or has its principal place of business, or in the United States Court of Appeals for the District of Columbia, by filing in such court, within sixty days after the order of the Commission upon the application for rehearing, a written petition praying that the order of the Commission be modified or set aside in whole or in part. A copy of such petition shall forthwith be served upon any member of the Commission and thereupon the Commission shall certify and file with the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order in whole or in part. No objection to the order of the Commission shall be considered by the court unless such objection shall have been urged before the Commission in the application for rehearing unless there is reasonable ground for failure so to do. The finding of the Commission as to the facts, if supported by substantial evidence, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the proceedings before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its

findings as to the facts by reason of the additional evidence so taken, and it shall file with the court such modified or new findings which, if supported by substantial evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order. The judgment and decree of the court, affirming, modifying, or setting aside, in whole or in part, any such order of the Commission, shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

(c) The filing of an application for rehearing under subsection (a) shall not, unless specifically ordered by the Commission, operate as a stay of the Commission's order. The commencement of proceedings under subsection (b) of this section shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

* * * * *

SEC. 318. If, with respect to the issue, sale, or guaranty of a security, or assumption of obligation or liability in respect of a security, the method of keeping accounts, the filing of reports, or the acquisition or disposition of any security, capital assets, facilities, or any other subject matter, any person is subject both to a requirement of the Public Utility Holding Company Act of 1935 or of a rule, regulation, or order thereunder and to a requirement of this Act or of a rule, regulation, or order thereunder, the requirement of the Public Utility Holding Company Act of 1935 shall apply to such person, and such person shall not be

subject to the requirement of this Act, or of any rule, regulation, or order thereunder, with respect to the same subject matter, unless the Securities and Exchange Commission has exempted such person from such requirement of the Public Utility Holding Company Act of 1935, in which case the requirements of this Act shall apply to such person.

The Public Utility Holding Company Act of 1935, 49 Stat. 803 (15 U. S. C. 79–79z–6) provides in part:

SEC. 12 (c):

It shall be unlawful for any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to declare or pay any dividend on any security of such company or to acquire, retire, or redeem any security of such company, in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate to protect the financial integrity of companies in holding-company systems, to safeguard the working capital of public-utility companies, to prevent the payment of dividends out of capital or unearned surplus, or to prevent the circumvention of the provisions of this chapter or the rules, regulations, or orders thereunder.

* * * * *

SEC. 20 (b):

In the case of the accounts of any company whose methods of accounting are prescribed under the provisions of any law of the United States or of any State, the rules and regulations or orders of the Commission in respect of accounts shall not be in-

consistent with the requirements imposed by such law or any rule or regulation thereunder; nor shall anything in this title relieve any public-utility company from the duty to keep the accounts, books, records, or memoranda which may be required to be kept by the law of any State in which it operates or by the State commission of any such State. But this provision shall not prevent the Commission from imposing such additional requirements regarding reports or accounts as it may deem necessary or appropriate in the public interest or for the protection of investors or consumers.

U. S. GOVERNMENT PRINTING OFFICE: 1943